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LISTING STATEMENT No. 2248

LISTED OCTOBER 26, 1966

120,000 6% cumulative redeemable preferred shares series A of \$25 par value each.
Ticker abbreviation "GTG A PR"
Dial ticker number 1725
Post section 10

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GREAT NORTHERN GAS UTILITIES LTD.

Incorporated under the laws of Canada by Letters
Patent dated March 19, 1962.

CAPITALIZATION AS AT SEPTEMBER 30, 1966

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
SHARE CAPITAL:			
Preferred Shares of \$25 par value	250,000	—	—
6% Cumulative Redeemable Preferred Shares Series A	—	120,000	120,000
Common Shares of no par value	5,000,000	3,130,000	Nil

FUNDED DEBT:

6% Sinking Fund Debentures Series A, due January 15, 1985	(1)	\$8,921,500	Nil
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(1) The Trust Indenture provides that additional debentures ranking equally with the Series A Debentures may be issued upon the conditions set forth therein.

1.

APPLICATION

GREAT NORTHERN GAS UTILITIES LTD. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 120,000 Preferred Shares of \$25 par value in the capital stock of the Company; this total of 120 000 shares has been issued as 6% Series A Preferred Shares and is outstanding as fully paid and non-assessable.

2.

HISTORY

The Company was incorporated under the laws of Canada by letters patent dated March 19, 1962 under the name Great Northern Gas Utilities (Operations) Ltd. By supplementary letters patent dated October 5, 1964 the name of the Company was changed from Great Northern Gas Utilities (Operations) Ltd. to Great Northern Gas Utilities Ltd.

3.

NATURE OF BUSINESS

The Company is a management, engineering, development and holding company engaged directly or through investment in the natural gas and electric utility field and in the distribution of propane and related products. The Company has acquired all the outstanding shares in a number of companies operating gas utilities and gas transmission lines in the provinces of Alberta, British Columbia, Manitoba and Ontario, and operating the electric utility in Yellowknife, The Northwest Territories, and in companies distributing propane and related products in British Columbia, Manitoba, Ontario and Saskatchewan.

4.

INCORPORATION

LETTERS PATENT, March 19th, 1962.

Incorporated as Great Northern Gas Utilities (Operations) Ltd., a public company, by Dominion Charter. Authorized capital: 50,000 shares of \$1 each.

SUPPLEMENTARY LETTERS PATENT, July 30th, 1962.

Capital stock increased to 700,000 shares of \$10 each.

SUPPLEMENTARY LETTERS PATENT, July 20th, 1964.

Changed the 603,497 shares outstanding of \$10 each to 3,130,000 shares without nominal or par value. Changed the 96,503 unissued shares of \$10 each to 1,870,000 shares of no par value. Fixed the authorized capital at 5,000,000 shares of no par value with the aggregate consideration not to exceed \$7,000,000.

SUPPLEMENTARY LETTERS PATENT, October 5th, 1964.

Changed the corporate name to Great Northern Gas Utilities Ltd.

Increased the authorized capital by creation of 350,000 preferred shares of \$20 each, issuable in one or more series.

Authorized the issuance of 300,000 preferred shares of \$20 par value, as "5½% Initial Series" preferred shares.

SUPPLEMENTARY LETTERS PATENT, June 30th, 1966.

Cancelled the 50,000 unissued preferred shares of \$20 each.

Increased the authorized capital by creation of 250,000 preferred shares of \$25 each, issuable in one or more series.

Provided for the purchase for cancellation of 300,000 5½% Initial Series preferred shares of \$20 par value.

Authorized the issuance of 120,000 preferred shares of \$25 par value, as "6% Cumulative Redeemable Preferred Shares Series A".

5.

SHARES ISSUED SINCE INCORPORATION

(a) Common Shares:

DATE OF ISSUE	NO. OF SHARES	AMOUNT PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
March 26, 1962	100	\$ 1 (Par)	\$ 100	Incorporators shares.
July 20, 1962	—	—	—	Issued Shares altered to \$10 par value.
July 20, 1962	603,487	\$10	6,034,870	Consideration for the acquisition of utility subsidiaries of Great Northern Capital Company Ltd.
July 20, 1964	—	—	—	Authorized capital altered to 5,000,000 shares of no par value and number of shares outstanding changed to 3,130,000 shares of no par value.

(b) Preferred Shares, 5.5% Initial Series \$20 Par:

October 14, 1964	300,000	\$20	6,000,000	To replace maturing debt.
June 30, 1966	—	—	—	Issue redeemed for cancellation.

(c) Preferred Shares, 6% Cumulative Redeemable, Series A, par value \$25 per share:

August 15, 1966	120,000	\$25	2,805,000	To retire a bank loan and for expansion of the Company's operations.
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6.

STOCK PROVISIONS AND VOTING POWERS

Each Common Share carries one vote at the meetings of the Shareholders. The 6% Cumulative Redeemable Preferred Shares, Series A have attached thereto the following rights, conditions, restrictions, limitations and prohibitions:

- (a) The holders of the Series A Preferred Shares shall be entitled to receive fixed cumulative, preferential dividends as and when declared by the board of directors, at the rate of 6% per annum payable quarterly by cheque at par at any branch in Canada of the Company's bankers (far northern branches excepted). No dividends shall be declared or paid on any shares of the Company ranking after the Series A Preferred Shares as long as dividends on the Series A Preferred Shares are in arrears or the Company is in default under the Purchase Fund hereinafter mentioned.
- (b) The holders of the Series A Preferred Shares shall be entitled in the event of liquidation, winding up or dissolution of the Company or on any other distribution of assets for the purpose of winding up its affairs to receive the capital paid up thereon or, if such liquidation, winding up, dissolution or other distribution is voluntary, \$26.25 per share, plus a sum equal to all unpaid and accrued dividends, whether or not declared, before any distributions shall be made to the holders of any shares of the Company ranking junior to the Series A Preferred Shares.

- (c) The Series A Preferred Shares will be redeemable at any time in whole or in part at the option of the Company on thirty days' notice at \$26.25 plus accrued and unpaid dividends to the date fixed for redemption. The Company will have the right to purchase for redemption Series A Preferred Shares in the Open market at any price not exceeding \$26.25 per share plus costs of purchase.
- (d) The holders of the Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting unless and until the Company is in arrears in the payment of dividends on Preferred Shares of any series for an aggregate of 6 quarterly periods (whether consecutive or not) or defaults under any sinking fund or purchase fund for any series of Preferred Shares, whereupon the holders of Preferred Shares shall be entitled to receive notice of all meetings of the shareholders of the Company and to attend thereat and shall be entitled to one vote in respect of each such share held and to vote separately and exclusively as a class for the election of 2 out of the total number of directors of the Company so long as any such dividends remain in arrears and unpaid or until any such default is remedied.
- (e) So long as any of the Series A Preferred Shares are outstanding the Company is obligated to expend \$60,000 in each year commencing with the year 1968 in the purchase for cancellation of Series A Preferred Shares if available in the open market at a price not exceeding \$24.50 plus costs of purchase. Should the Company be unable to expend the full amount of the Purchase Fund for such purpose in any year, by reason of the Series A Preferred Shares not being available for purchase as aforesaid, the Purchase Fund for the succeeding year shall be increased by the amount not so expended in the previous year and should the Purchase Fund as then increased not be expended for such purpose in the then succeeding year, the Purchase Fund shall again be increased in the same manner for the following year and from year to year; provided, however, that the maximum amount to which the Purchase Fund shall be increased for any year shall not exceed \$120,000.

The Company may at any time anticipate the whole or any part of its Purchase Fund obligations by purchasing for cancellation Series A Preferred Shares and crediting the purchase price thereof in reduction of the amount of any Purchase Fund obligations thereafter becoming due.

- (f) So long as any of the Series A Preferred Shares are outstanding the Company shall not, without the sanction of the holders of the Series A Preferred Shares:
 - (i) issue any shares ranking in priority to the Series A Preferred Shares other than issues the proceeds of which are to be used to redeem all the Series A Preferred Shares then outstanding; or
 - (ii) issue any Preferred Shares in excess of the 120,000 Series A Preferred Shares or issue other shares ranking equally with the Preferred Shares except, in either case, issues the proceeds of which are to be used to redeem all the Series A Preferred Shares then outstanding unless, after giving effect to such issue,
 - (a) the aggregate amount of the paid up capital stock and the consolidated surplus of the Company and its subsidiaries is at least 2½ times the aggregate amount of outstanding Preferred Shares and other shares ranking equally therewith; and
 - (b) the consolidated net earnings of the Company and its subsidiaries for any 12 consecutive months of the 18 months immediately preceding the date of issue have been at least 3½ times the amount required for payments of annual dividends on all outstanding Preferred Shares and shares ranking equally therewith.

The report of the Company's auditors for the time being as to the existence of the required ratios mentioned in (a) and (b) of sub-paragraph (ii) shall be binding and conclusive on the Company and the holders of the Series A Preferred Shares.

- (g) So long as any of the Series A Preferred Shares are outstanding the Company shall not, without the sanction of the holders of the Series A Preferred Shares:
 - (a) declare or pay any dividends (other than stock dividends) on any of its shares ranking junior to the Series A Preferred Shares; or
 - (b) redeem, purchase or otherwise pay off any of its shares ranking junior to the Series A Preferred Shares (except out of the proceeds of an issue of shares ranking junior to the Series A Preferred Shares made prior to or contemporaneously with any such redemption, purchase or payment off); or
 - (c) pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (Canada) as now enacted or as the same may from time to time be amended or re-enacted or pay any tax under any similar provisions;

except out of consolidated net earnings of the Company and its subsidiaries earned after December 31, 1965, plus the net cash proceeds to the Company or the value, as determined by the directors, of any other consideration to the Company of the issue (except by way of stock dividend) after December 31, 1965, of any of its shares ranking junior to the Series A Preferred Shares.

7.

DIVIDEND RECORD

Particulars of dividends paid by the Company since the date of its incorporation are as follows:

CUMULATIVE REDEEMABLE PREFERRED SHARES:

5½% initial series - 5½% per annum from October 14, 1964 to June 1, 1966.

Initial Dividend on 6% Series A Preferred Shares (18.75¢ per share on 120,000 shares) paid on September 30, 1966.

COMMON SHARES:

1963 - 82.85¢ per share (\$500,000).

(On July 20, 1964 700,000 authorized shares of the par value of \$10 each were changed into 5,000,000 shares without nominal or par value).

1964 - 11¢ per share (\$344,300).

1965 - 12¢ per share (\$375,600).

1966 - (to date) - 9¢ per share (\$281,700).

8.

RECORD OF PROPERTIES

The Company is a holding company, owning office and warehouse consisting of land and buildings in Edmonton, Alberta, at a cost of \$100,685.

9.

SUBSIDIARY COMPANIES

The following are wholly owned subsidiaries of Great Northern Gas Utilities Ltd.

PLAINS-WESTERN GAS & ELECTRIC CO. LTD.

This company was incorporated under the laws of Canada by letters patent dated June 21, 1954, with an authorized capital of 3,000,000 common shares of no par value. 500,000 shares have been issued for \$472,451. This Company distributes natural gas in fourteen communities in Alberta and one in British Columbia; it also distributes electricity in the community of Yellowknife in the Northwest Territories. This Company conducts its operations from a head office in leased premises at 9924-63rd Avenue, Edmonton, Alberta.

PLAINS-WESTERN GAS (MANITOBA) LTD.

This company was incorporated under the laws of the Province of Manitoba by letter patent dated December 3, 1963, with an authorized capital of 3,000,000 shares of no par value. The subscribed capital consisting of 1,572,861 shares, was issued for \$1,572,861. This company distributes natural gas in nine communities in Manitoba and propane gas and appliances in 52 communities in Manitoba and Saskatchewan. This company owns office-warehouse property at its head office located at 1610 Rosser Avenue, Brandon, Manitoba.

RQCKGAS PROPANE LTD.

This company was incorporated under the laws of the Province of British Columbia by memorandum of association dated June 27, 1938, with an authorized capital divided into 1,000 cumulative 6% preferred shares of \$100 par value and 50,000 common shares of no par value of which 35,000 common shares have been issued for \$30,000. This company is the major distributor of propane and propane appliances in British Columbia. It operates through 24 branches and provides service in virtually all significant populated and developed rural areas except those located in the northeast and southeast portions of the province. This company has its head office in leased office-warehouse premises at 1272 Granville Street, Vancouver, British Columbia.

ROCKGAS UTILITIES LTD.

This company has its head office in rented premises at 1272 Granville Street, Vancouver, British Columbia, and commenced operation in January, 1966. It distributes piped propane in one British Columbia community. It was incorporated under the laws of the Province of British Columbia in 1964 with authorized capital of 75,000 common shares of no par value. Financing to date has consisted of advances from the parent company, Great Northern Gas Utilities Ltd. On completion of construction approximately \$25,000 of advances will be converted to paid up capital.

GREAT NORTHERN GAS COMPANY, LIMITED

This company was incorporated under the laws of the Province of Ontario by letters patent dated May 9, 1923 with an authorized capital divided into 6,000 7% cumulative preference shares and 100,000 common shares of \$1 par value. The issued capital consists of 514 preference shares and 100,000 common shares. This company has two divisions operating from owned office-warehouse premises located at 497 Queen Street East, Sault. Ste. Marie, Ontario.

Propane-Air Gas Division

This division operates the gas utility serving the City of Sault Ste. Marie, Ontario. In 1963, it built a propane-air gas plant to supply a more desirable and modern fuel than the manufactured coke oven gas previously used.

Propane Division

This division distributes propane gas and appliances in and around Sault Ste. Marie, Ontario and along the north shore of Lake Superior, the St. Mary's River and Lake Huron from Wawa to Espanola, Ontario.

10.

FUNDED DEBT

\$9,000,00 of 6% Sinking Fund Debentures, Series A, maturing January 15, 1985. Interest dates are January 15, and July 15. \$78,500 of these debentures have been purchased to meet the sinking fund payment of January 15, 1967.

SINKING FUND

The Company will establish a Sinking Fund for the exclusive benefit of the holders of Series A Debentures and for such purpose it will pay to the Trustee a sum sufficient to retire on January 15 in each of the years set forth below the following principal amounts of Series A Debentures:

\$ 90,000 in each of the years 1967 - 1970 inclusive
180,000 in each of the years 1971 - 1974 inclusive
270,000 in each of the years 1975 - 1978 inclusive
360,000 in each of the years 1979 - 1982 inclusive
450,000 in each of the years 1983 and 1984

Such Sinking Fund payments are calculated to retire 50% of the Series A Debentures prior to maturity.

REDEMPTION

The Series A Debentures will be redeemable for other than sinking fund purposes, at the option of the Company, in whole at any time, or in part from time to time, on not less than 30 days' notice, at the following percentages of the principal amount thereof, with in each case accrued interest to the date fixed for redemption.

If redeemed on or before January 15, 1966	106.00%
After January 15, 1966 and on or before January 15, 1967	105.68%
After January 15, 1967 and on or before January 15, 1968	105.36%
After January 15, 1968 and on or before January 15, 1969	105.04%
After January 15, 1969 and on or before January 15, 1970	104.72%
After January 15, 1970 and on or before January 15, 1971	104.40%
After January 15, 1971 and on or before January 15, 1972	104.08%
After January 15, 1972 and on or before January 15, 1973	103.76%
After January 15, 1973 and on or before January 15, 1974	103.44%
After January 15, 1974 and on or before January 15, 1975	103.12%
After January 15, 1975 and on or before January 15, 1976	102.80%
After January 15, 1976 and on or before January 15, 1977	102.48%
After January 15, 1977 and on or before January 15, 1978	102.16%
After January 15, 1978 and on or before January 15, 1979	101.85%
After January 15, 1979 and on or before January 15, 1980	101.52%
After January 15, 1980 and on or before January 15, 1981	101.20%
After January 15, 1981 and on or before January 15, 1982	100.88%
After January 15, 1982 and on or before January 15, 1983	100.56%
After January 15, 1983 and on or before January 15, 1984	100.24%
After January 15, 1984 and on or before January 15, 1985	100.00%

The Company will not redeem the Series A Debentures in whole or in part prior to January 15, 1975 as a part of, or in anticipation of, a refunding operation involving the application directly or indirectly of borrowed monies having an effective interest cost to the Company of less than 6% per annum.

11. OPTIONS, UNDERWRITINGS, ETC.

- (a) The Company has granted to employees an option to purchase expiring November 10, 1970, 51,000 common shares in the capital stock of the Company at \$3.50 per share.
- (b) There are no underwriting agreements outstanding.
- (c) There are no issued shares of the Company held for the benefit of the Company.

12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

13. STATUS UNDER SECURITIES ACT

The prospectus relating to the 6% Cumulative Redeemable Preferred Shares Series A, \$25 par value was filed with the Ontario Securities Commission and receipt therefor obtained from the registrar on July 27th, 1966.

14. FISCAL YEAR

The fiscal year of the Company ends on December 31st in each year.

15. ANNUAL MEETINGS

The By-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or elsewhere in Canada on such day in each year as the directors may determine.

16. HEAD AND OTHER OFFICES

The head office is located at 10975 - 124th Street, Edmonton. Other offices and places of business are as listed in paragraph 9 above.

17. TRANSFER AGENT

The Transfer Agent of the Company is:

Montreal Trust Company, 10185-102nd Street, Edmonton
777 Dorchester Boulevard West, Montreal
112 King Street West, Toronto

18. TRANSFER FEE

No fee is charged on stock transfers other than customary Government stock transfer taxes.

19. REGISTRAR

The Registrar of the Company is:

Montreal Trust Company, 10185-102nd Street, Edmonton
777 Dorchester Boulevard West, Montreal
112 King Street West, Toronto

20.

AUDITORS

The Auditors of the Company are:

Clarkson, Gordon & Co., 600 Toronto-Dominion Bank Building, Edmonton.

21.

OFFICERS

The Officers of the Company are:

NAME	OFFICE	HOME ADDRESS
Raymond Arthur Rich	Chairman of the Board and Chief Executive Officer	No. 1, East Gravers Lane, Philadelphia 18, Pa.
Anthony Cowan Rooney	President	6304-129th Street, Edmonton, Alberta.
Eric Sherwood	Vice-President	14304-85th Avenue, Edmonton, Alberta.
Donald Ross McRae	Vice-President - Propane	6650 Lime Street, Vancouver, B.C.
Ernest Walter Straus	Secretary-Treasurer	4411-107A Avenue, Edmonton, Alberta.
John Lawrence Farrell, Jr.	Assistant Secretary	45 King Street, Dobbs Ferry, New York.
William Spark	Assistant Secretary	955 Kerfoot Crescent, Calgary, Alberta.

22.

DIRECTORS

The Directors of the Company are:

NAME	HOME ADDRESS
Richard Anthony Bethell	600 Argyle Avenue, Westmount, Quebec.
Fernand Emile Chenu	36, rue Jules Lejeune, Brussels 6, Belgium.
Edmond Jacques Courtois, Q.C.	9 Chelsea Place, Montreal 25, Quebec.
Michael Hartman Finnell	2707 Carleton Street, Calgary, Alberta.
Frederick Thomas Phillips	2812-12th Avenue, N.W., Calgary, Alberta.
Raymond Arthur Rich	No. 1, East Gravers Lane, Philadelphia 18, Pa.
Anthony Cowan Rooney	6304-129th Street, Edmonton, Alberta.
William Spark	955 Kerfoot Crescent, Calgary, Alberta.
David Rogerson Williams, Jr.	No. 3 River Road, Chagrin Falls, Ohio.
John Horts Williams	6633 Timberlane Road, Tulsa, Oklahoma.

CERTIFICATE

Pursuant to a resolution duly passed by the Board of Directors, Great Northern Gas Utilities Ltd. hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

GREAT NORTHERN GAS UTILITIES LTD.



"ANTHONY C. ROONEY", President.

"E. W. STRAUS", Secretary-Treasurer.

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

GREENSHIELDS INCORPORATED
"B. G. WILLIS"DEACON FINDLEY COYNE LIMITED
"F. C. DEACON"ROYAL SECURITIES CORPORATION LIMITED
"G. C. STEWART"

DISTRIBUTION OF SERIES A PREFERRED STOCK AS OF SEPTEMBER 29, 1966

Number			Shares	
77	Holders of	1	24 share lots	1,325
311	" "	25	99 " "	15,310
185	" "	100	199 " "	21,040
109	" "	200	299 " "	21,900
12	" "	300	399 " "	3,845
20	" "	400	499 " "	7,268
20	" "	500	999 " "	11,125
15	" "	1000	up " "	38,187
749	Shareholders		Total shares	120,000

FINANCIAL STATEMENTS

GREAT NORTHERN GAS UTILITIES LTD. (Incorporated under the laws of Canada) and subsidiary companies

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

March 31, 1966

(The pro forma consolidated balance sheet at March 31, 1966
gives effect to the transactions described in Note 1)

ASSETS		<i>Balance Sheet</i>	<i>Pro Forma Balance Sheet</i>
FIXED ASSETS (Note 3):			
Transmission lines, distribution systems, propane stations, service equipment, gas wells, land, vehicles and marine equipment.....		\$22,525,859	\$22,525,859
Less accumulated depreciation and depletion.....		5,831,373	5,831,373
Net fixed assets.....		<u>16,694,486</u>	<u>16,694,486</u>
INTANGIBLE ASSETS:			
Franchises, gas contracts, land rights, integration and lease value—at cost		913,091	399,964
Less accumulated amortization.....		84,819	84,819
Net intangible assets.....		<u>828,272</u>	<u>315,145</u>
INVESTMENTS:			
Shares at cost—			
Canadian Hydrocarbons Limited.....		5,690,979	—
Other (quoted \$17,025).....		3,415	3,415
Mortgages.....		89,366	89,366
Deferred receivables—leases.....		<u>5,783,760</u>	<u>92,781</u>
		<u>113,746</u>	<u>113,746</u>
CURRENT ASSETS:			
Cash.....		424,933	2,125,407
Accounts Receivable (after allowance of \$81,283 for doubtful accounts)		1,592,131	1,592,131
Conditional sales agreements.....		102,530	102,530
Inventories of appliances and materials at lower of cost or net realizable value.....		797,616	797,616
Prepaid expenses.....		109,639	109,639
Total current assets.....		<u>3,026,849</u>	<u>4,727,323</u>
DEFERRED CHARGES:			
Share issue costs (\$73,284) and unamortized incorporation costs.....		97,956	—
Development costs.....		27,680	27,680
Conversion and plant costs (Note 4).....		172,307	172,307
Unamortized debenture issue costs and discounts.....		301,769	—
Total deferred charges.....		<u>599,712</u>	<u>199,987</u>
		<u>\$27,046,825</u>	<u>\$22,143,468</u>
LIABILITIES			
CAPITAL STOCK AND SURPLUS:			
Capital Stock (Note 5).....		\$12,034,970	\$ 9,034,970
Surplus.....		1,537,736	1,649,379
Total capital stock and surplus.....		<u>13,572,706</u>	<u>10,684,349</u>
Customers' contributions in aid of construction.....		206,527	206,527
TERM DEBT (Note 6).....		<u>10,081,437</u>	<u>8,981,437</u>
DEFERRED LIABILITIES:			
Unearned lease income on propane tanks.....		374,302	374,302
Dealers' and customers' refundable deposits.....		254,862	254,862
Total deferred liabilities.....		<u>629,164</u>	<u>629,164</u>
CURRENT LIABILITIES:			
Bank loan.....		915,000	—
Accounts payable.....		852,880	852,880
Income taxes payable.....		484,714	484,714
Current instalments on term debt.....		169,417	169,417
Accrued interest.....		134,980	134,980
Total current liabilities.....		<u>2,556,991</u>	<u>1,641,991</u>
		<u>\$27,046,825</u>	<u>\$22,143,468</u>

The notes on pages 8 and 9 form an integral part of this balance sheet and should be read in conjunction therewith.

On behalf of the Board:

ANTHONY C. ROONEY, Director

R. A. BETHELL, Director

GREAT NORTHERN GAS UTILITIES LTD.
and subsidiary companies

Consolidated Statement of Surplus

For the year ended December 31, 1965 and three months ended March 31, 1966

	<i>Year ended December 31, 1965</i>	<i>Three months ended March 31, 1966</i>
Earned surplus:		
Balance, beginning of the period.....	\$ 871,847	\$ 1,075,858
Net earnings for the period.....	909,611	548,578
	<u>1,781,458</u>	<u>1,624,436</u>
Dividends paid—		
Preferred.....	330,000	82,500
Common.....	375,600	93,900
	<u>705,600</u>	<u>176,400</u>
Balance, end of the year.....	1,075,858	1,448,036
Excess of book value over cost of investment in subsidiary companies at acquisition.....	89,700	89,700
Total surplus.....	<u>\$ 1,165,558</u>	<u>\$ 1,537,736</u>

**Notes to the Consolidated and Pro Forma Consolidated Balance Sheets
and Consolidated Statement of Earned Surplus**

March 31, 1966

NOTE 1. TRANSACTIONS REFLECTED IN THE PRO FORMA CONSOLIDATED BALANCE SHEET AT MARCH 31, 1966:

- (a) The issue of supplementary letters patent dated June 30, 1966, cancelling 50,000 unissued preferred shares of the par value of \$20, creating 250,000 preferred shares of the par value of \$25 issuable in series, and designating 120,000 such shares as 6% cumulative redeemable preferred shares series A.
- (b) The sale to Elwill Development Limited on June 30, 1966 of the company's holdings of 270,999 common shares of Canadian Hydrocarbons Limited for \$6,910,474 and the application on June 30, 1966 of the proceeds of such sale together with other funds of the Company in the amount of \$189,526 in:
 - (i) the purchase from the parent company for \$6,000,000 and the cancellation of 300,000 cumulative redeemable preferred shares, 5½% initial series, of the par value of \$20; and
 - (ii) the repayment of a 6% note in the principal amount of \$1,100,000 payable to the parent company.
- (c) The issue and sale to underwriters for \$3,000,000 of 120,000 6% cumulative redeemable preferred shares series A of the par value of \$25, the payment of commission and expenses in this connection estimated at \$195,000 and the application of \$915,000 of the proceeds in the repayment and discharge of a bank loan.
- (d) The charging to surplus of:
 - (i) commission and expenses referred to in paragraph (c) above \$ 195,000
 - (ii) intangible assets—franchises, integration and lease value \$ 513,127
 - (iii) deferred charges—share issue costs and unamortized incorporation costs \$ 97,956
 - unamortized debenture issue costs and discounts \$ 301,769
- (e) The crediting to surplus of \$1,219,495, being the excess of the price received on the sale of shares described in (b) above, over the cost of such shares.

NOTE 2. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements of the company and its subsidiaries include the accounts of Plains-Western Gas & Electric Co. Ltd., Plains-Western Gas (Manitoba) Ltd., Rockgas Propane Ltd., North Shore Propane Company Limited, Great Northern Gas Company, Limited, Meota Pipelines Ltd. and Rockgas Utilities Ltd., all of which are wholly owned by the company.

NOTE 3. FIXED ASSETS:

Fixed assets are stated at cost except for certain assets which are shown at appraised values as a result of which previously stated values were increased by \$469,883, subsequently reduced by \$171,342 charged to operations. These appraisals were reflected in the books of the respective subsidiaries prior to acquisition by the company.

NOTE 4. CONVERSION AND PLANT COSTS:

The total of \$172,307 is to be amortized in the following manner:

- (a) The cost of conversion of customer appliances from manufactured gas to propane-air gas in the amount of \$114,977, and changes to the distribution system in the amount of \$36,269 are to be amortized commencing in the year in which natural gas is introduced.
- (b) Retirement of a gas plant in the amount of \$21,061 to be amortized at an annual rate of \$3,120.

NOTE 5. CAPITAL STOCK:

	<i>Balance sheet</i>	<i>Pro forma balance sheet</i>
Authorized—		
350,000 preferred shares of the par value of \$20, issuable in series.....	<u>\$ 7,000,000</u>	
250,000 preferred shares of the par value of \$25, issuable in series.....		<u>\$ 6,250,000</u>
5,000,000 common shares of no par value		
Issued and fully paid—		
300,000 cumulative redeemable preferred shares, 5½% initial series.....	\$ 6,000,000	
120,000 6% cumulative redeemable preferred shares series A.....		\$ 3,000,000
3,130,000 common shares.....	6,034,970	6,034,970
	<u>\$12,034,970</u>	<u>\$ 9,034,970</u>

51,000 common shares are reserved against the exercise of employees' stock options, exercisable at \$3.50 per share in instalments of 12,750 shares annually commencing November 10, 1966. The options expire November 10, 1970.

GREAT NORTHERN GAS UTILITIES LTD.
and subsidiary companies

**Notes to the Consolidated and Pro Forma Consolidated Balance Sheets
 and Consolidated Statement of Earned Surplus (Continued)**

March 31, 1966

NOTE 6. TERM DEBT:

	Balance sheet	Pro forma balance sheet
Payable by the Company:		
*6% sinking fund debentures, series A due January 15, 1985	\$ 9,000,000	\$ 9,000,000
Less debentures purchased for sinking fund.....	20,000	20,000
	<hr/>	<hr/>
6% note to parent company.....	8,980,000	8,980,000
	1,100,000	—
Payable by subsidiary companies:		
5% note due 1966-1967.....	101,000	101,000
5% agreement due 1966.....	6,605	6,605
5½% notes due 1967-1970.....	63,249	63,249
	<hr/>	<hr/>
Less current instalments shown as a current liability.....	10,250,854	9,150,854
	169,417	169,417
	<hr/>	<hr/>
	\$10,081,437	\$ 8,981,437

*Under the provisions of the trust indenture sinking fund payments to the trustee are required so as to retire debentures as follows:

	Annual retirement	Total to be retired
1967-1970.....	\$ 90,000	\$ 360,000
1971-1974.....	180,000	720,000
1975-1978.....	270,000	1,080,000
1979-1982.....	360,000	1,440,000
1983-1984.....	450,000	900,000
	<hr/>	<hr/>
	\$ 4,500,000	

NOTE 7. INCOME TAXES:

The accumulated deferral of income taxes as a result of claiming capital cost allowance for tax purposes in excess of depreciation recorded in the accounts amounted to approximately \$1,570,000 at March 31, 1966.

Auditors' Report

To the Directors of
GREAT NORTHERN GAS UTILITIES LTD.:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Great Northern Gas Utilities Ltd. and subsidiary companies as at March 31, 1966 and the consolidated statement of surplus for the year ended December 31, 1965 and the three months ended March 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet presents fairly the financial position of the companies as at March 31, 1966, and the consolidated statement of earned surplus presents fairly the changes in consolidated earned surplus for the year ended December 31, 1965 and the three months ended March 31, 1966, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. In our opinion, also, the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at March 31, 1966 after giving effect to the changes set forth in Note 1 in accordance with generally accepted accounting principles.

Edmonton, Alberta.
 July 22, 1966.

CLARKSON, GORDON & CO.
Chartered Accountants

GREAT NORTHERN GAS UTILITIES LTD.
and subsidiary companies

**Consolidated Statement of Earnings (Note 1)
for the ten years and three months ended March 31, 1966**

Period	Earnings Before Depreciation and Amortization, Interest Charges and Income Taxes (Note 2)			Earnings Before Interest Charges and Income Taxes			Interest Charges on Term Debt	Interest Charges Other	Income Taxes (Notes 3 & 6)	Minority Interest (Note 5)	Net Earnings
	Sales, Lease Income, Installations and Income Other Income (Note 2)	\$ 875,403	\$ 266,132	\$ 609,271	\$ 199,230	\$ 819					
Year ended December 31, 1956 ..	\$3,156,508	1,128,502	336,055	792,447	228,260	20,099	92,193		\$ 6,036	\$339,937	
Year ended December 31, 1957 ..	4,484,666	1,213,335	443,018	770,270	314,409	23,270	106,736		(335)	452,230	
Year ended December 31, 1958 ..	5,223,113	1,588,060	497,994	1,090,066	348,929	30,585	254,338		(4,666)	330,568	
Year ended December 31, 1959 ..	5,818,510	1,636,577	506,584	1,129,993	344,113	38,149	249,087		(11,237)	467,451	
Year ended December 31, 1960 ..	5,895,500	1,884,850	550,933	1,323,917	334,114	43,652	363,273		(1,812)	594,690	
Year ended December 31, 1961 ..	6,451,769	2,027,125	578,451	1,448,674	426,055	23,796	351,046		1,170	646,607	
Year ended December 31, 1962 ..	6,891,377	2,118,983	641,495	1,477,488	397,598	82,249	321,029			676,612	
Year ended December 31, 1963 ..	7,400,420	2,554,364	733,940	1,820,424	424,103	182,885	430,558			782,878	
Year ended December 31, 1964 ..	8,324,526	2,848,751	849,139	1,999,612	601,375	12,626	476,000			909,611	
Three months ended March 31, 1966 (Note 4) ..	3,598,031	1,333,675	222,771	1,110,904	153,556	13,770	395,000			548,578	

NOTES: 1. Great Northern Gas Utilities Ltd. was incorporated March 19, 1962 and on May 1, 1962 it acquired from its then parent company, at cost, all of that company's utility and propane subsidiaries. For the years prior to 1962 the earnings shown above are the combined earnings of the subsidiaries acquired in 1962 to 1965 inclusive and the three months ended March 31, 1966, the earnings shown are the consolidated earnings of the company and its subsidiaries.

2. The above statement includes dividends received from Canadian Hydrocarbons Limited as follows: 1964 — \$54,200; 1965 — \$121,950; three months ended March 31, 1966 — \$67,750. The shares of this Company were sold on June 30, 1966.

3. It is the policy of the companies to claim for income tax purposes capital cost allowances in excess of depreciation recorded on certain properties. As a result of this policy, income taxes are deferred to a time in the future when capital cost allowances may be less than recorded depreciation. Income taxes otherwise payable for the periods shown above have been deferred and net earnings increased by \$1,302,000 as follows: 1956 — \$110,000; 1957 — \$156,000; 1958 — \$116,000; 1959 — \$110,000; 1960 — \$101,000; 1961 — \$103,000; 1962 — \$129,000; 1963 — \$90,000; 1964 — \$167,000; 1965 — \$170,000; three months ended March 31, 1966 — \$50,000.

4. Because of the seasonal nature of natural gas and propane sales, the operating results of the three months ended March 31, 1966 should not be taken as representative of each quarter of 1966.

5. The minority interest in earnings represents 31% of the common stock and 19.6% of the preferred stock of Great Northern Gas Company, Limited for the years 1956 through 1960. This minority interest was reduced in 1961 and eliminated in 1962.

6. Income taxes shown above have been assessed up to and including the year ended December 31, 1964; subsequent provisions for income taxes are deemed adequate.

AUDITORS' REPORTS To the Directors of
GREAT NORTHERN GAS UTILITIES LTD.:

We have examined the consolidated statement of earnings of Great Northern Gas Utilities Ltd. and subsidiary companies (Note 1), insofar as it relates to the nine years ended December 31, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Our examination has not been extended beyond that performed with respect to the financial statements for the years up to and including the year ended December 31, 1964. As to certain subsidiary companies, we were furnished with the reports of other chartered accountants on their examinations of these subsidiaries for the years ended December 31, 1956 through 1961. In our opinion, based on our examination and the reports of other chartered accountants referred to above, the aforementioned consolidated statement of earnings presents fairly the results of operations of Great Northern Gas Utilities Ltd. and subsidiary companies for the nine years ended December 31, 1964 in accordance with generally accepted accounting principles (Note 1) for the nine years ended December 31, 1964 in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

EDMONTON, Alberta.
February 15, 1965.
**DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants.**

